

M e m o r a n d u m**440.0055.140**

To: Mr. Gary J. Jugum

May 22, 1987

From: Donald J. Hennessy

Subject: Robert Nunes' Memorandum of December 1, 1986 on Property Used
in Manufacturing

You sent me a copy of the set of guidelines regarding property used in manufacturing submitted by Robert Nunes, with his memo of December 1, 1986 requesting our review.

I have reviewed the guidelines, and they are consistent with our decisions on whether property is used in manufacturing or sold as a component part of the final product. These are basically the guidelines we unsuccessfully attempted to incorporate in Regulation 1525. For my own information I compared the guidelines to our annotations and find that such guidelines are directly or indirectly stated in our annotations as follows:

On page 1 of the guidelines, under (1) Intervening Use, the first example of paper pulp, and wood fiber is from Annotation 440.1460. The second example regarding materials used in producing steel is really the rule of the Kaiser case and is in Annotations 440.3120 and 440.0840.

At (2) Waste, also on page 1, the example of wood used in the construction of furniture is not covered in an annotation, although the very same general rule is explicitly stated as to waste in Annotations 440.1860 and 440.1880.

On page 2 of the guidelines, the example of talc used in the manufacture of tires is from Annotations 440.1820 and 440.1340. Also on page 2, the example of chemicals used to coat wire is indirectly stated in Annotation 440.1140. On page 3 of the guidelines, the paint thinner example is covered by Annotations 440.0180, 440.0200, and 440.0240. Also on page 3, the example of salt used in food processing is treated in Annotations 440.0640, 440.0680, 440.2140, and 440.2160.

On page 4 of the guidelines, the example of coke refined from crude oil and burned in the refinery will be the subject of an annotation numbered 596.0200 and was in CLD 456.

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